

Stockbridge Community Schools

**Federal Awards
Supplemental Information
June 30, 2006**

Stockbridge Community Schools

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Independent Auditor's Report

To the Board of Education
Stockbridge Community Schools

We have audited the basic financial statements of Stockbridge Community Schools for the year ended June 30, 2006 and have issued our report thereon dated July 21, 2006. Those basic financial statements are the responsibility of the management of Stockbridge Community Schools. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Stockbridge Community Schools taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

July 21, 2006

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Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Education
Stockbridge Community Schools

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Stockbridge Community Schools as of and for the year ended June 30, 2006, which collectively comprise Stockbridge Community Schools' basic financial statements and have issued our report thereon dated July 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stockbridge Community Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stockbridge Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Education
Stockbridge Community Schools

This report is intended solely for the information and use of the Board of Education, management, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moren, PLLC

July 21, 2006

Report on Compliance with Requirements Applicable to Each Major Program and
on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Education
Stockbridge Community Schools

Compliance

We have audited the compliance of Stockbridge Community Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2006. The major federal program of Stockbridge Community Schools is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Stockbridge Community Schools' management. Our responsibility is to express an opinion on Stockbridge Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stockbridge Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Stockbridge Community Schools' compliance with those requirements.

In our opinion, Stockbridge Community Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

To the Board of Education
Stockbridge Community Schools

Internal Control Over Compliance

The management of Stockbridge Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Stockbridge Community Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

July 21, 2006

Stockbridge Community Schools

Schedule of Expenditures of Federal Awards Year Ended June 30, 2006

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2005	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2006
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:							
National School Breakfast Program 04-05	10.553	\$ 34,447	\$ 34,447	\$ 5,277	\$ 5,277	\$ -	\$ -
National School Breakfast Program 05-06	10.553	33,810	-	-	33,810	34,230	420
National School Lunch Program 04-05	10.555	140,989	140,989	18,921	18,921	-	-
National School Lunch Program 05-06	10.555	158,796	-	-	158,796	159,564	768
Total Child Nutrition Cluster		368,042	175,436	24,198	216,804	193,794	1,188
Other federal awards:							
U.S. Department of Education:							
Passed through the Michigan Department of Education:							
Title I - Project number 0615300506	84.010	154,373	-	-	154,373	154,373	-
Title I Migrant:							
Project number 0618302006	84.011	34,270	-	-	-	16,798	16,798
Project number 0418300405	84.011	94,778	36,409	36,409	94,778	58,369	-
Project number 0518900405	84.011	14,782	436	146	146	-	-
Total Title I Migrant		143,830	36,845	36,555	94,924	75,167	16,798
Title V - Project number 0602500506	84.298	730	-	-	730	730	-
Title II - Project number 0605200506	84.367	74,341	-	-	74,341	74,341	-

Stockbridge Community Schools

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2006

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2005	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2006
Other federal awards (Continued):							
U.S. Department of Education (Continued):							
Passed through the Michigan Department of Education (Continued):							
Technology Literacy Challenge:							
Project number 0542900405	84.318	\$ 3,271	\$ 1,270	\$ -	\$ 2,001	\$ 2,001	\$ -
Project number 0642900506	84.318	2,880	-	-	2,880	2,880	-
Total Technology Literacy Challenge		6,151	1,270	-	4,881	4,881	-
Total noncluster programs passed through the Michigan Department of Education		379,425	38,115	36,555	329,249	309,492	16,798
Medicaid Outreach	93.778	11,757	-	-	11,757	11,757	-
Total U.S. Department of Education noncluster programs		391,182	38,115	36,555	341,006	321,249	16,798
U.S. Department of Agriculture - Passed through the Michigan Department of Education - Food Distribution:							
Entitlement commodities	10.550	25,096	-	-	22,900	22,900	-
Bonus commodities	10.550	1,851	-	-	1,851	1,851	-
Total U.S. Department of Agriculture noncluster programs		26,947	-	-	24,751	24,751	-
Total federal awards		\$ 786,171	\$ 213,551	\$ 60,753	\$ 582,561	\$ 539,794	\$ 17,986

Stockbridge Community Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2006

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stockbridge Community Schools and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133

Note 3 - Grant Section Auditor's Report

Management has utilized Form R-7120 in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Stockbridge Community Schools

Schedule of Findings and Questioned Costs Year Ended June 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Stockbridge Community Schools

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2006

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Stockbridge Community Schools

Summary Schedule of Prior Audit Findings Year Ended June 30, 2006

Finding Reference Number	Corrective Action Taken
05-01	<p>Federal Program Audit Finding</p> <p>Finding Type - Reportable condition and noncompliance condition</p> <p>Condition - A Stockbridge Community Schools employee did not complete the application review and eligibility determination, the verification activity, the meal reimbursement claims, or the annual on-site review.</p> <p>Contact Person Responsible for Corrective Action Plan - Business Manager of Stockbridge Community Schools</p> <p>Corrective Action Taken - Procedures were put into place to identify one employee of Stockbridge Community Schools to review and submit the eligibility determination, verification activity, meal reimbursement claims, and the annual on-site review.</p>

Stockbridge Community Schools

Summary Schedule of Prior Audit Findings (Continued) Year Ended June 30, 2006

Finding Reference Number	Corrective Action Taken
05-02	<p>Federal Program Audit Finding</p> <p>Finding Type - Reportable condition and noncompliance condition</p> <p>Condition - Stockbridge Community Schools' management was not able to provide documentation relating to the renewal of the food services management company contract.</p> <p>Contact Person Responsible for Corrective Action Plan - Business manager of Stockbridge Community Schools</p> <p>Corrective Action Taken - Procedures were put into place at Stockbridge Community Schools to ensure that the food service management company contracts are approved by the board and submitted to the Michigan Department of Education annually.</p>